

Idaho Public Utilities Commission

Case No. PAC-E-13-06, Order No. 32864

Case No. PAC-E-13-07, Order No. 32865

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PUC approves agreements with St. Anthony hydro project

State regulators have approved an application by Rocky Mountain Power to sell a small hydroelectric project it owns in downtown St. Anthony. Ted Sorenson of Sorenson Engineering in Idaho Falls, the winning bidder on the project, will repair the 700-kilowatt facility and have it operating within six months. The plant ceased operations in 2002 when the shaft that connects the two turbines failed.

The Idaho Public Utilities Commission also approved a 20-year power purchase agreement between Sorensen and Rocky Mountain Power to sell the output from the restored plant to Rocky Mountain customers beginning about Nov. 30. The project is a one-unit powerhouse that contains two submerged turbines originally commissioned in 1915. The plant is powered by diverting water from the Henry's Fork of the Snake River. When operating, it delivered water to Egin Bench Canals, Inc.

The sales agreement falls under the provisions of PURPA, the federal Public Utility Regulatory Policies Act, which requires utilities to buy energy from qualifying small renewable power projects at rates to be determined by state commissions. The rate is called an avoided-cost rate because it is designed to represent the cost the utility avoids by not having to generate the power itself or buy it from another source.

Under avoided-cost rates adopted in 2011, St. Anthony Hydro LLC will be paid a gradually increasing amount that starts at about \$178,000 in 2014 (\$56.13 per MW) and increases to \$352,000 (\$110.79 per MW) in 2033. Total payments to the project over the 20-year term of the project will be about \$5.09 million.

The Renewable Energy Credits (RECs) associated with the project will be split with Rocky Mountain Power getting the first 10 years of proceeds from the sale of RECs and St. Anthony Hydro the second 10 years. RECs are tradable environmental commodities that represent proof that 1 megawatt-hour of electricity is generated from an eligible renewable energy resource.

The commission agreed with Rocky Mountain Power that the sale of the plant is the least costly of four options. A second option was to keep the keep the plant and make the necessary repairs while increasing generation through added efficiencies.

A third option was to perform minimum repairs and a final option was to decommission the plant while still incurring operational costs of the dam and water conveyance structures in order to provide water to the Egin Canal.

Regulated utilities cannot dispose of generating property unless authorized by the commission. The commission must find 1) that the transaction is in the public interest; 2) that rates for customers will not increase as a result of the transaction; and 3) that the buyer has the intent and financial ability to operate and maintain the property in the public service.

A commission staff investigation found the sale of the plant was twice as beneficial as decommissioning, four times as beneficial as making minimum repairs and eight times as beneficial as major repairs and increased generation. However, the option to sell still results in a net cost to the company, but one that is so small that it won't impact customer rates.

Commission staff said Sorenson, who owns and operates 11 small hydroelectric plants, was the only bidder "who showed clear ability to assume Rocky Mountain Power's maintenance and regulatory responsibilities."

A full text of the commission's orders, along with other documents related to these cases, is available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases"" under the "Electric" heading and scroll down to case numbers PAC-E-13-06 and PAC-E-13-07.

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